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C O N F I D E N T I A L HANOI 000181

STATE FOR EAP/MLS, EAP/J AND EAP/CM

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TAGS: [CH](#) [ECON](#) [JA](#) [PGOV](#) [PREL](#) [VM](#)  
SUBJECT: JAPANESE AMBASSADOR ON ROLE OF CHINA IN SOUTHEAST ASIA

REF: HANOI 165

Classified By: Ambassador Michael W. Michalak, reasons 1.4 (b) and (d)

1.(C) Summary: In a wide-ranging lunch discussion with Ambassador Michalak on February 26, Japanese Ambassador to Vietnam Mitsuo Sakaba discussed Japan's efforts to counter Chinese influence in Southeast Asia through infrastructure projects promoting Southeast Asian regional integration, Japan's hopes to increase its influence in Vietnam with CPV General Secretary Manh's upcoming visit to Tokyo, and Japan's plans for implementing its renewed development assistance to Vietnam. End summary.

#### Building Infrastructure to Balance China

¶2. (C) Sakaba said Japan believes Vietnam is a key in counter-balancing "excessive" Chinese influence in Southeast Asia. To do so, it is in Japan's interests to build Vietnam's connections with Laos, Cambodia and Thailand. While China is building "north-south" connections with Southeast Asia through enhanced road links, Japan is countering by supporting "east-west" links, including one road from Danang leading north and west and one from HCMC leading west into Cambodia.

¶3. (C) Sakaba said he believes a "certain rivalry" exists in Southeast Asia, with China, Vietnam and Thailand jockeying for influence. The Thais have a "natural connection" with Cambodia, Sakaba said, while Vietnam does not have such a natural connection and needs Japanese help to reengage with Cambodia and Laos. If an infrastructure project linking Vietnam and Cambodia has Japanese involvement the Cambodians will accept it, Sakaba said. Without Japanese involvement, he added, the Cambodians might not.

¶4. (C) Sakaba said that at the same time China is seeking greater influence within Vietnam by training many of the personnel at the Vietnam National Coal and Mines Industry (Vinacomin), which has a number of major resource projects including bauxite development in the Central Highlands. The development of the bauxite reserves raises a number of environmental concerns and also poses significant transportation challenges including the need for a new port facility. The GVN approached Japan about developing the necessary transportation links, Sakaba said, and when Japan declined the GVN indicated it might turn to China. On the processing of bauxite, Sakaba said Japanese companies are not interested and Japan will not provide development assistance but might consider financing a public-private partnership through JBIC.

¶5. (C) Asked about CPV General Secretary Nong Duc Manh's March visit to Japan, Sakaba said Japan is seeking a closer relationship with Vietnam and does not believe the widely-held view that Manh is the most "pro-China" of the GVN's leadership. Manh visited Japan in 2002 as General Secretary, and Japan believes this is a good time to engage him again when he is considering possible successors for his retirement in 2011.

¶6. (C) Sakaba said Japan is also hoping that Prime Minister Nguyen Tan Dung can visit Japan in May for a Nikkei News symposium of senior East Asian leaders. Sakaba said last year DPM Hoang Trung Hai attended, but Japan has pushed hard this year to get the PM himself and so far all signs are positive.

Turning on the Tap for ODA to Vietnam

¶7. (C) Turning to the resumption of Overseas Development Assistance (ODA) to Vietnam, Sakaba said that Japan now has four projects worth a total of \$900 million ready for signing, including one to start a Hanoi subway system. Sakaba said these proposals had been ready when Japan suspended ODA last August, and that it now hoped to sig them in March. If so, Japan would be ready to announce the new projects at the next CG meeting in June. If they are not ready then, Sakaba said, they could be announced in the December meeting. What will be more important, Sakaba said, would be the secondary phase of introducing new project proposals that had not been finished when ODA was suspended, as these new projects will need to meet a variety of new conditions (reftel).

MICHALAK